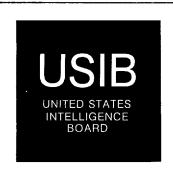
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# National Intelligence Bulletin

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25X1

June 24, 1975

25X1

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25X1

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June 24, 1975

#### CONTENTS

	PORTUGAL: Socialists march to support Revolutionary Council communique	
	ISRAEL: Rabin committed to hard line	
		25X1
	SOMALIA-USSR: Siad lavishes praise on Moscow	
		25X1
•	CEMA: Ministerial meeting begins today	
		25X1

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June 24, 1975

#### **PORTUGAL**

Several thousand Socialists and other non-Communists marched through the streets of Lisbon and Oporto last night in a show of support for the ruling Revolutionary Council and its recent affirmation of political party activity. The crowd dispersed peacefully after being addressed by President Costa Gomez who sounded a moderate, conciliatory tone and called for unity to overcome the country's problems.

Sharp ideological splits persist within the Revolutionary Council and the Armed Forces Movement, and these have not been resolved by the Council's compromise communique released on Saturday. The Socialists were trying to take advantage of the moderate tone of the communique to encourage like-thinking members of the military and help head off further attempts by radical officers to eclipse moderates in upcoming sessions of the Armed Forces General Assembly. The Socialists also wanted to show that they too can mobilize the populace in support of the Movement—a field the Communists have monopolized for several weeks. The Communist Party ordered its supporters not to participate "in any way."

According to press reports, the promotion of General Otelo de Carvalho from deputy head of the internal security forces to commander was announced shortly before the rally began. President Costa Gomes, who formerly held the position, retains ultimate responsibility for law and order in his capacity as the armed forces chief of staff. Carvalho, as deputy head, had a free hand in running the security troops, and his promotion gives official recognition to this fact. Presumably, the announcement is intended to express confidence in Carvalho and to repudiate recent reports that he will soon be removed.

25X1

1

June 24, 1975

**ISRAEL** 

A recent commentary in a leading Israeli newspaper depicts Prime Minister Rabin as firmly committed to a hard line on Israeli requirements for another interim agreement with Egypt.

The commentary—by one of Israel's best-informed political reporters—indicates that Rabin is determined not to give up the eastern ends of the Gidi and Mitla passes in the Sinai without a clear Egyptian commitment to nonbelligerency. According to the commentator, Rabin believes:

- --Retention of part of the passes is necessary as long as there is any doubt about Cairo's intentions, particularly with respect to its position in the event of Syrian-Israeli hostilities.
- --He cannot reverse, in the absence of greater Egyptian flexibility, the position he took on the passes in March without destroying his credibility at home.
- -- The principle of mutuality of concessions must be preserved.

Prime Minister Rabin's apparent hard-line position reportedly is not without its critics within the cabinet. The commentary claims that at the special cabinet session last week to hear Rabin's report on his visit to the US "quite a few" ministers argued that Tel Aviv must not allow another attempt to reach an interim agreement with Cairo to fail. To do so, these ministers fear, would invite a confrontation with Washington. Although the ministers who took this position do not constitute a majority in the cabinet, they apparently obtained Rabin's agreement that any decision to break off the talks with Egypt must be reached by the entire cabinet and not just by the negotiating team of Rabin, Defense Minister Peres, and Foreign Minister Allon.

Rabin reportedly told the cabinet that the chances of reaching another interim agreement with Egypt are "less than 50-50." He is said to believe, however, that the concessions he offered during his Washington visit make it impossible for Israel to be accused of intransigence and of torpedoing the talks with Egypt. In addition, Rabin is said to believe that President Sadat is now under pressure to come up with an appropriate counter-concession.

Furthermore, the Prime Minister is described as being convinced that Israel is in
n excellent bargaining position because Egypt and the US are under pressure of
ime concerning another interim agreement. He reportedly believes Israel is
ufficiently strong to survive without an interim agreement if Tel Aviv's position is
ejected.

25X1

2



June 24, 1975

#### SOMALIA-USSR

In the past week, President Siad has begun to lavish praise on the Soviet Union for its assistance to Somalia. Siad's touting of the relationship follows a short period during which he played down his ties with Moscow while he sought to strengthen his Arab credentials preparatory to the now-postponed Arab summit meeting in Mogadiscio.

Siad's pro-Soviet publicity campaign was set off by the announcement on June 18 of a \$60-million Soviet economic assistance package, part of which will be used to combat the effects of the drought that has afflicted Somalia along with other countries of sub-Saharan Africa. The aid package includes the use of six Soviet AN-12 transports to airlift Somali nomads from relief camps in drought-stricken areas to agricultural and fishing resettlement centers.

The Somali President told audiences last week that Soviet assistance had "pulled Somalia from the sea" when its national existence was in danger. In a later speech, Siad rebuked local critics who had carped about the level of Soviet aid to Somalia during the drought; he said the new aid package opened a new era in Soviet-Somali relations.

Following Siad's execution of ten Muslim religious leaders last January, there
was an upswing in anti-Soviet sentiment by conservative groups that blamed Moscow
for many of Siad's unpopular policies. The new Soviet aid package gives Siad
ammunition to answer public critics of past Soviet aid, but it will probably not
satisfy those Somalis for whom criticism of the Soviet relief effort has been a
convenient way of showing displeasure at the substantial Soviet presence in the
country.

25X1

June 24, 1975

**CEMA** 

Several controversial subjects are on the agenda of the four-day ministerial session of the Council for Mutual Economic Assistance that begins today in Budapest.

All of the nine full-member countries will be represented by heads of government except Cuba, which as usual has sent a deputy premier. Yugoslavia, which has observer status, reportedly will send a large but lesser ranking delegation. The sessions will deal with such sensitive topics as the varying effects of Western inflation on each country, joint efforts to exploit energy and raw materials, future moves to establish ties with the European Community, and the nature and pace of economic integration within CEMA.

The Soviets are apparently coming with contentious proposals, including measures "to improve" CEMA. The Romanians fear Soviet efforts to give CEMA greater authority, but, as usual, have overstated Soviet intentions. Bucharest appears ready to counter Moscow's move by proposing a program to speed up development of the less-industrialized CEMA countries.

Since preliminary CEMA-EC talks in February collapsed, the Soviets reportedly have proposed a measured, three-stage, approach to establishing relations with the EC. The initiative, which permits each country to contact the EC Commission only in the last stage, has stirred controversy within CEMA. It has also had a cool reception from the EC.

Coordinating future economic moves will be no easier because Western inflation and recent CEMA hikes in oil and raw-material prices have caused serious problems for the East European states—especially Hungary, East Germany, and Czechoslovakia. With all of the CEMA members now preparing five-year plans to take effect beginning next year, the East Europeans will be interested in some assurances of future assistance from Moscow.

Another problem that may come up at the summit is the trouble several of the East European regimes are having meeting their commitments to help construct the								
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